CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

ATTENDANCE: Chairman, Mr. G. Fisher, Prof. L. Bessner, Dr. H. Ladd, Prof. G. Martin, Miss S. O'Reilly, Mr. B. Smart, Ms. E. Gardham, Miss D. Johnson, and Mr. M. Hamilton of William M. Mercer Ltd.

REGRETS: Mr. M. Bourgault, Dr. J. Daniel, Mr. R. Groome and Ms. A. Kerby

Meeting of Monday June 18, 1984:

Mr. Fisher circulated a letter to committee members regarding Acorn Fund and Real Estate investments, Prof. Bessner asked that the letter be sent to Mr. Williams of Beutel Goodman for a response

The meeting was called to order at 12:40 p.m.

Minutes of the meeting held May 11, 1984:

Mr. Smart proposed a motion to adopt the minutes as presented, the motion was seconded by Prof. Martin and unanimously carried.

Long Term Disability Premium Increase:

Mr. Hamilton noted that Liam Dixon's letter explains the reasons for the requested increase in premiums. This policy is like a pension fund but smaller in scale and Canada Life feels we are a little short of the funding needed to discharge the current obligations under the contract. Although the consultant believes the account is probably in balance, Concordia is being credited with 15% interest on the reserve money and the original request for an increase of 17% has been negotiated down to 10%.

Prof. Bessner asked if we could look at another carrier. Mr. Hamilton explained that we will lose our high rates of interest credit if we change now and there is no reason to believe that another carrier will come in with a lower rate. In addition it is a costly process to go to market and the administrative charges are well within reason.

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Mr. Smart asked if the claims management of Canada Life is satisfactory. Miss Johnson said it has been superb. There is a fair amount of activity in this particular policy but Concordia has an excellent record with respect to rehabilitative employment. Canada Life has worked in cooperation with us to achieve a recovery rate that is beneficial to all parties concerned. It is a time consuming but very worthwhile process. Also we should not lose sight of the fact that our reserves are invested in 15 year blocks at rates ranging from 14% to 17½%.

The Chairman asked if we could have a motion to accept the premium increase of 10%. The motion was proposed by Dr. Ladd, seconded by Prof. Martin and unanimously carried.

Expenses 1983:

The Chairman asked for details relating to the 1983 expenses. Mr. Hamilton noted that a fair amount of the 1982 expenses found their way into 1983. The only aspect of the consulting fees that increased was group insurance. The group consulting fees doubled because there was protracted negotitation with Sun Life to recover monies which extended back over several years and Concordia will come out with a surplus in excess of $150,000.

Mr. Smart noted that the fund grew by about 23% but expenses went up about 25%.

Miss Johnson noted that the studies prepared for this committee are substantial but the reviews we have undertaken are essential and necessary and will benefit Concordia.

Prof. Bessner indicated that the expenses have grown faster than the fund itself and the committee should have copies of the invoices.

Miss Johnson noted that the invoices were on file and had already been audited by Touche Ross. Prof. Bessner asked if there were details. Miss Johnson noted that each invoice is verified against the fee schedules and/or work completed.

The Chairman indicated that the committee wished to review the expense summary and invoices at year end as one agenda item.

Audit Fee Increase:

The Chairman asked if there is any particular reason why we are using Touche Ross as auditors. Prof. Martin explained that they are the University auditors and it is cheaper all around to use the same company.

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Audit Fee Increase - con't

Miss Johnson noted that the increase requested is 8% over the fee we paid in the last two (2) years. We specifically asked for experienced and more senior personnel to complete the pension plan audit as this saves precious time required for explanations to a junior who has never completed a pension plan audit before.

Prof. Bessner asked if we could request a fixed fee for the 1984 audit as well and request a management report. Miss Johnson noted that there was no need for a management report on the 1983 audit but a request for confirmation in writing would be passed along to Touche Ross.

Prof. Martin cautioned the constraint on 1984 fees. We could be faced with junior personnel to accomodate the constraint and we could run into more problems.

Mr. Smart suggested we write a letter expressing our concern over a fee increase after-the-fact and requesting a quote for 1984.

A motion to approve payment of the increased fee was proposed by Prof. Bessner, seconded by Mr. Smart and unanimously carried.

Transferability of Pension Benefits:

Prof. Martin provided the background summary related to the agreement which is to be entered into by all the Universities in Quebec. The one implication for our pension plan is the potential change in liabilities on termination of employment.

Prof. Bessner asked if the employee would still have the right to vest benefits in the Concordia plan. Miss Johnson indicated there would be no change in this option.

The Chairman asked if this committee had the authority to make a decision on this matter. Miss Johnson noted that there is provision for a committee decision in the pension plan document. (Article 18.1)

Mr. Smart asked if we have any idea how many people are apt to benefit from this agreement. Miss Johnson noted that of the 250 terminations in a year perhaps 10 would go to other Quebec Universities. Prof. Martin added we have had five come into our plan from other Quebec Universities over the last eight years.

Mr. Smart noted this would not take us very far along the road to portability. Also, how would terminating members be made aware of the option? Miss Johnson noted we would add the option to our forms which go to every terminating member. Prof. Martin also noted that the new employer would be quick to point it out to a new member.

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Transferability of Pension Benefits - con't:

The Chairman asked if Concordia could opt out of this agreement in the future? It was noted that any agreement of this kind can be amended or terminated at any time.

Mr. Hamilton noted that it would be prudent for Concordia to approve participation in principal in view of the fact that some amendments will have to be incorporated to accomodate the non-contributory option in the Concordia plan.

> Prof. Bessner proposed a motion that the Concordia Employee Benefits Committee approve in principal that Concordia should enter into the reciprocal transfer ageement with the other Quebec Universities; subject to legal and actuarial review in order to effect the necessary amendments to conform with the Non-Contributory and Contributory participation features of the Pension Plan for the Employees of Concordia University.
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> The motion was seconded by Dr. Ladd and unanimously carried.

Acorn Capital Fund:

Mr. Michael Boyd of B.G. Acorn Capital Fund made a short presentation as to why our pension fund should buy into venture capital. This is a means to productively recycle money which is better than dollars just chasing around the stock market.

The Chairman thanked Mr. Boyd and asked if committee could take a few minutes to discuss this topic. He noted that committee may wish to talk to some other reputable fund managers about this type of investment.

Mr. Smart also suggested that we could check with other universities who have invested or other investors to see what kind of research was done. We wouldn't want to invest in this kind of thing without further research.

Mr. Hamilton pointed out that research wouldn't turn up that much because this group is newly formed. Prof. Martin noted that this is a recommendation of one of the investment managers like the real estate package.

Mr. Hamilton observed that if we approach a company that is participating in venture capital they will say it is great but if you go to an organization that doesn't participate they will say its terrible.

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Acorn Capital Fund con't:

Mr. Smart asked if we could have this item added to the agenda for further discussion some time.

The Chairman called for adjournment at 3:10 p.m.

Members of the committee expressed appreciation to Mr. Fisher for his dedicated service with this committee.

Respectfully submitted,

M.D. Johnson, Secretary,
Concordia Employee Benefits Committee

Special thanks to recording secretary Ms. E. Gardham